SO SMOOTH, YOU'LL FORGET IT'S AN AERATOR.

THE NEW STEERABLE *AND REVERSIBLE* TURNAER™ XT5

AERATION HAS NEVER BEEN THIS EASY, COMFORTABLE OR PROFITABLE.

> More lawns per day

> Easier on the operator

> Smoother, quieter operation

> Easier to service

> Better hill-holding ability

> All for a great price

Call today to see what the XT5 can do for you.

800-679-8201

TURFCO®

DIRECT

WWW.TURFCODIRECT.COM

See all of our new, lower list prices at
www.rainbird.com/PocketTheSavings

Demanding more and paying less.

That's intelligent.

Announcing new, lower list prices on a full range of Rain Bird products. To help you stay competitive in these challenging times, we've lowered list prices on many of our most trusted products. We hope these prices will help you continue to deliver the industry-leading quality that you and your customers demand. Putting performance in the ground and savings in your pocket. That's The Intelligent Use of Water.™

RAIN BIRD®

The exit strategy

WHAT HAPPENS WHEN all these investors flooding into the Green Industry want to cash out and exit the business? Not much. In fact, as Scott Brickman, Brickman's CEO says, it's like changing banks.

In 1998, Brickman brought in private equity partner CIVC Partners "to create liquidity for my family." In 2007, he did it again with Leonard Green & Partners — this time to create liquidity for his family, the Brickman management team and for CIVC.

And since in both instances the private equity partner owned less than 50% of the company, nothing changed from an operational and leadership perspective — it was "business as usual," Brickman says. "It's a way to manage our capital structure." Brickman, who acquired Colorado's $13 million The Green Plan in early 2010, was No. 3 on the *LM*150 list of landscape businesses with 2009 revenue of $687 million.

Scott Brickman

The continued investment by private equity firms in Green Industry businesses like Brickman "creates awareness for the industry and our business model," Brickman says. "It raises our industry's profile with investors and others in the financial world. It benefits the industry as a whole."

But buying and selling businesses isn't where the process ends, Brickman insists. At the end of the day, "we're landscapers," he says, adding he spent this particular morning with two region managers talking about spring plants and staffing for edging and mulching work, as well as best methods of performing those services. For Brickman, who views acquisitions as opportunistic as they come along and prove to be a good fit for the business, this means retaining teams and retaining customers. "In 80% of the acquisitions we have made, the customer renewal rates at those companies have stayed at historic levels or improved," Brickman boasts. Since acquiring D. Foley Landscape in Walpole, MA, "CEO Dan Foley has renewed 100% of every job he had for the last two years and almost doubled the size of his business," he adds, proudly. "It's all about creating value."

continued from page 20

Not only do the companies involved in these investments benefit, but so do industry peers who share roundtables and peer groups with these new players.

"A lot of successful people in the industry woke up one day and realized they were making a lot of money — it was sort of right place, right time," Edmonds explains. "And our industry became oversaturated with installation companies when the market was hot," Schatz adds.

"Now we're seeing people kicking the tires more trying to understand the business and knowing they can be successful at it," Edmonds says. "It's a different kind of mentality, a different kind of owner."

Schatz explains the trend: "I think our industry is becoming more sophisticated and commercialized. As you draw more intelligence to the industry and operations become more efficient, it raises the level of competition and drives innovation. The more intelligence you have working with you, the more intelligent you become."

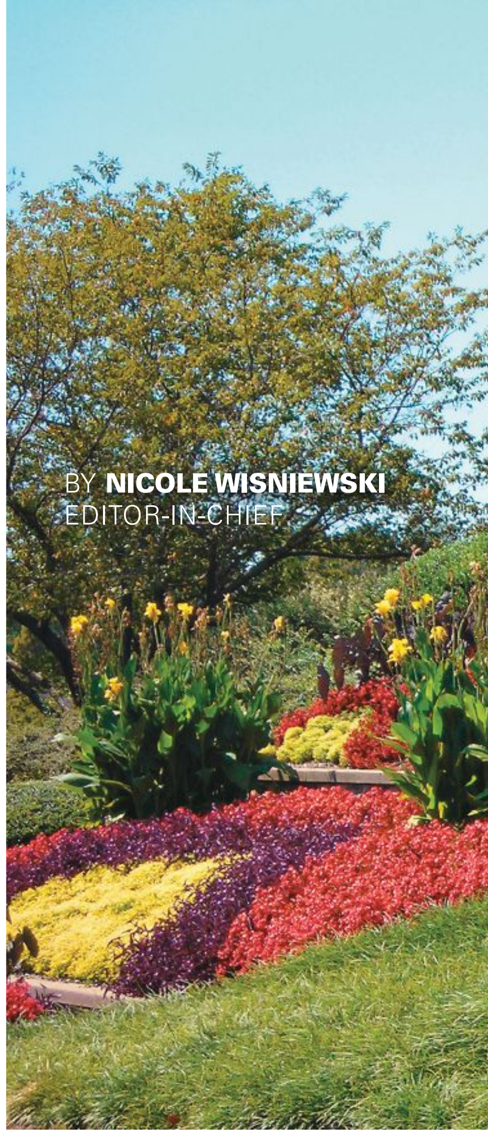
As the industry adapts and grows, "this will continue to attract more investment dollars," Hupf adds.

And, maybe the best benefit, as Guido points out, is "all of this activity will continue to raise the caliber of the industry." LM

PHOTO COURTESY: BRICKMAN

BUY & BUILD

Yellowstone's focus proves to be its greatest strength.



BY **NICOLE WISNIEWSKI**
EDITOR-IN-CHIEF

WHEN GRIDIRON Capital-backed Yellowstone Landscape Group first debuted in 2008 with the acquisitions of Houston's BIO Landscape & Maintenance, Atlanta's Piedmont Landscape Contractors and Bunnell, FL's Austin Outdoor, it had a specific focus: "Create regional platforms that didn't compete with Brickman and ValleyCrest on a national level but competed well with them in a tight geographic region. Buy good brands in local markets and bring value to the table by creating infrastructure to accelerate and support organic growth and providing capital to do acquisitions," explains Owen Tharrington, principal of private equity firm Gridiron.

The purchase of these three companies — $19 million BIO, $30 million Piedmont and $42 million Austin Outdoor (as reported in the *LM*100 list at the time) — was to create critical mass out of the gate, giving them an instant industry presence. Then those three companies were charged with growing organically and making additional acquisitions in their respective markets. By 2010, they were No. 11 on the LM150 list with more than $80 million in revenue.

While Austin was predominantly commercial maintenance, BIO and Piedmont had more design/build in their service portfolios. Though based in a tight geographic spread across the Sunbelt states of Texas, Arkansas, Mississippi, Alabama, Tennessee, Florida, Georgia, the Carolinas and the Bahamas, this was enough diversification to counter economic challenges during the recession — even with that bit of design/build in the mix. "We had planned on the construction business trending downward, not jumping off of a cliff," Tharrington says. "We focused the companies on building their maintenance business from day one and had just enough geographic diversity to have balance in a tough economy."

While the economy's total effect on design/build hit many businesses, it was also a reminder for Yellowstone, which is now altogether 80% maintenance. "If the economy were better we might have been more inclined to keep expanding beyond what we laid out in our original business plan," Tharrington says, explaining they could have acquired more companies in new states that may have veered from their core focus. "Now, we say here's what we set out to do, let's focus on this and not get distracted chasing what might be a good deal in an area in which we're not yet established."

And this eagle eye focus on its core goals is proving to be Yellowstone's greatest strength.

Shared business intelligence

Contrary to popular belief, Yellowstone's plan isn't all about acquisitions.

"We've passed up some opportunities because we were unwilling to grow for the sake of growing," says Edward Schatz Jr., president, Yellowstone's Southeast Region, and founder of Austin Outdoor in 1994. "We want profitable growth."

Today, Yellowstone Landscape Business is an overall 80% maintenance company, with a large focus on commercial properties.

PHOTO COURTESY: YELLOWSTONE LANDSCAPE GROUP

Tharrington agrees. In today's economy, "maintenance is stable — it's not explosive growth, but it's solid, steady growth that brings good cash flow," he says. "If you have a good base of business in an industry that's so fragmented like the Green Industry, that leaves you opportunity to grow organically, set up branches in new local markets and upsell enhancement work at good margins.

"And if we also get an acquisition done in that market, that's great — it's gravy," he adds.

A good example comes with Yellowstone's initial Texas-based acquisition BIO. BIO's founder and president of Yellowstone's Southwest Region Robert Taylor is looking at $38 million in revenue in 2010 — more than doubling in size after selling to Yellowstone at $17 million in 2008. The majority of that growth was organic ($11 million) with $10 million coming from acquisitions. The driver was growing the sales team from two to 15 people, Taylor says. "The goal I set when we sold was I wanted to be at $50 million by the year 2013, and we're on track."

When acquiring companies, Yellowstone has stuck to its mission — "local knowledge and focus with a national presence," Schatz describes. This means acquiring people in addition to companies. "Yellowstone buys companies where the owners want to stay on board and remain engaged, bringing their own strengths in operations or sales to the organization," Tharrington explains. "We haven't done a deal yet where the owner hasn't come to work for us."

To create infrastructure, Yellowstone, the holding company, has relied on people with experience outside of the industry to bring a new perspective to operations at its three operating companies in historically challenging areas for landscape business owners, namely finance, IT, HR, acquisitions and other business management support. The company's CEO John Miller is one example. He's worked for General Motors, General Electric and telecommunications and renewable energy businesses. CFO Cork Van Den Handel also has more then 30 years of experience in finance and engineering. Even BIO's Taylor brought outside industry experience to the organization with a history as an accounting exec at Exxon before he started BIO in the 1980s. "We create value by identifying areas of improvement and bringing business best practices to the table," Tharrington says.

This is something they call "shared business intelligence" or "support that brings a fresh perspective, yet still let's you operate solo," Taylor says. "You come up with a strategy and decide how much you can grow organically and how much will come from acquisitions and you build a plan. But you also have some direction — instead of being a small boat bobbing in the ocean, you're an ocean liner charting a careful course."

Long-term focus

Just like any other business today, Yellowstone has had to battle the challenges that come with recession.

In Florida, for instance, "it feels like no one can call the bottom but it seems to have slowed down to the point where we're starting to see incremental improvements in certain areas," Schatz explains. "Florida is so overbuilt and there's so much lagging inventory. During the past three years, we've been dealing with service reductions and becoming more efficient so we can still deliver on the expectations of clients."

Tharrington "can't imagine the industry can get much worse than it's been the past 18 to 24 months. "It's somewhat energizing to know we've gotten through the worst of it. The management team is

continued on page 26

continued from page 25

still motivated, and if we can get a tailwind from the economy, the hard work we put in the past 18 to 24 months will pay off in terms of having picked up marketshare, improved operations and streamlined systems. If you take corrective measures when things are down, you rebound much quicker."

But at the end of the day, an investment isn't a successful one until the money is in the bank, Tharrington says. "We're focused on our end goal: creating a significant, regional landscape maintenance organization with an established leadership team and good business practices that should be attractive to a strategic or financial buyer."

And to achieve this takes long-term focus, which is a natural part of the commercial maintenance game plan. "Maintenance is a much harder

"We were unwilling to grow for the sake of growing. We want profitable growth." — ED SCHATZ

business to grow compared to design/build," Tharrington says. "The sales cycle is longer with annual or multi-year contracts. If you're targeting a specific property, that work doesn't always come up for bid very often, especially if the existing service provider is doing a good job. You have to keep account attrition low to grow the business. So, as an investor, you can't expect to get in and out very quickly.

In 2011, "we are starting to see signs of an economic recovery, and the improvements we've made to the business over the past three years are paying off," Tharrington adds. "Plus, the lending and economic markets haven't killed mergers & acquisitions activity, and we have plenty of capital." LM

POWERED BY DELL

The largest family business in the industry is backed by the largest family investment firm in the country.

BY **NICOLE WISNIEWSKI**

IN DECEMBER 2010, two name brands in Florida landscape maintenance ($34.5 million, Longwood-based Nanak's Landscaping and $12.5 million, Oldsmar-based Raymow Enterprises) merged with Calabasas, CA-based ValleyCrest Cos. Combined, the deals increased the size of ValleyCrest Landscape Maintenance 10%; the company now employs more than 3,100 people in the state.

But what does this acquisition show above all else? According to Brian Corbett, managing partner of Atlanta-based CCG Advisors, "it shows that MSD Capital is committed to continuing to help ValleyCrest grow with the focus on acquiring exclusively maintenance businesses."

MSD Capital is the firm computer mogul Michael S. Dell created to manage the majority of his fortune. MSD Capital bought 51% of ValleyCrest Cos. in 2006 and has an estimated $17 billion fortune that is spread across a diverse portfolio of companies, including restaurants, car-related companies and landscaping, as reported in *The New York Times* in November 2009. "MSD Capital has set a pattern of jumping into consolidated markets and using its capital to give one player an edge in scale and efficiency," *The New York Times* reported.

And Dell's investment in ValleyCrest has done well. "Despite the roughest economy in decades, ValleyCrest … is growing, as it has historically, by about 12% a year," *The New York Times* explained.

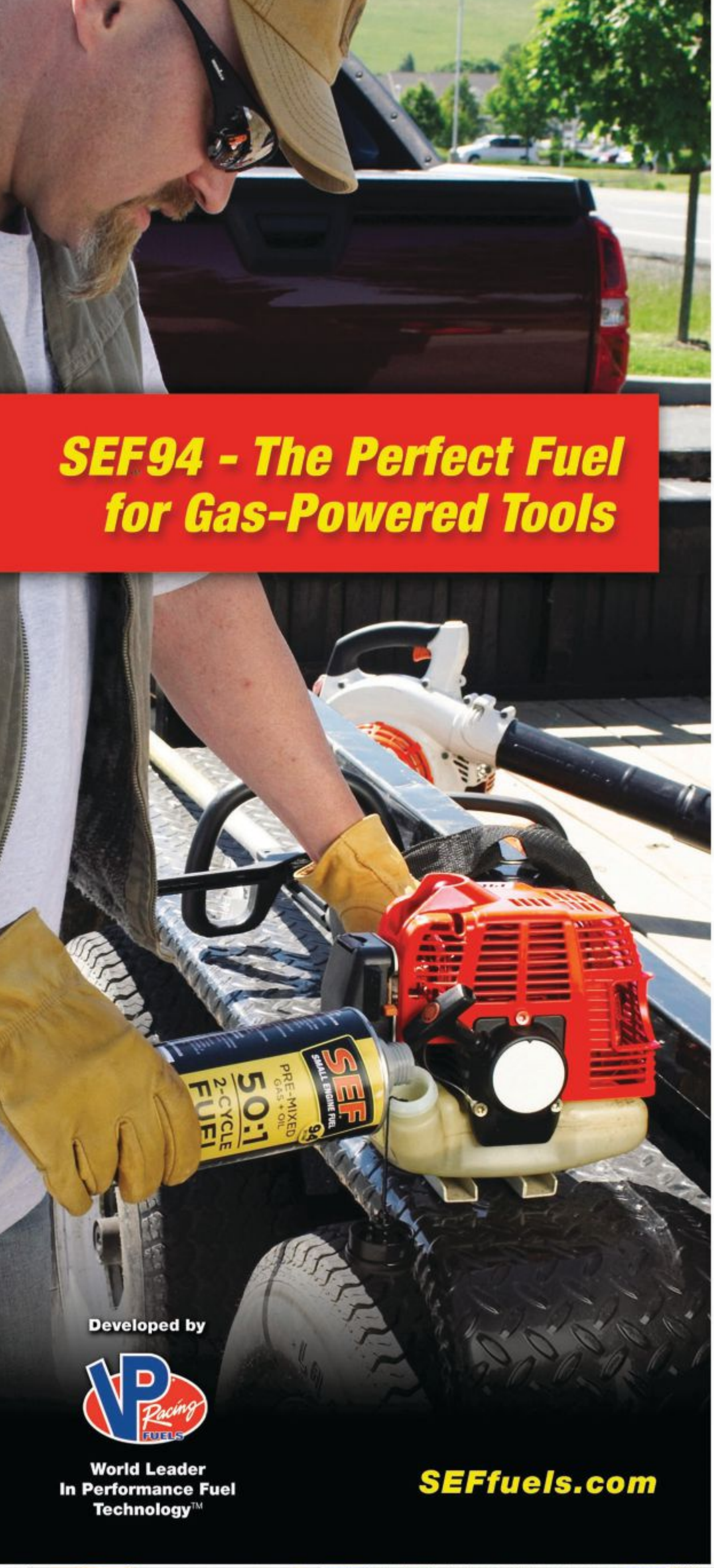
These most recent acquisitions by ValleyCrest in Florida also show the company's focus on design/build is changing when it comes to buying businesses. "Design/build is not as attractive today as it once was from an investment standpoint — the macroeconomics aren't as healthy as they once were," Zino explains, adding the company's acquisition strategy is more opportunistic than planned.

It also gives hope to landscaping in Florida, one of the first states hit by recession. "There are pockets of Florida now coming out of recession," Corbett says. "Construction in Florida is dead, but maintenance is still strong."

As Zino says, "the landscape is not a static thing — it's a living, breathing organism that needs maintained. And, luckily, trees and turf don't read *The Wall Street Journal* — they're still growing." LM

Roger Zino

PHOTO COURTESY: VALLEYCREST COS.



More Trimming, Less Fixing

You know the frustration of gas-powered tools that won't start when needed and the cost to repair them. Small engine repair shops report that currently 75% of all repairs involve fuel systems degraded by ethanol in street gasoline. And it will only get worse, as the EPA continues to increase the amount of ethanol allowed in street gas.

SEF™94 Contains No Ethanol

SEF94 is ethanol-free, so it prevents ethanol-related problems that fuel stabilizers can't fix.

- Permits Easier, More Dependable Starts
- Provides Worry-Free Long-Term Storage
- Extends Engine Life
- Avoids Costly Repairs, Rebuilds & Downtime

The Only Small Engine Fuel Offering:

Three formulas to meet virtually any manufacturer's specifications

- 4-Cycle Unleaded Fuel
- 2-Cycle Fuel Pre-Mixed with Oil (50:1)
- 2-Cycle Fuel Pre-Mixed with Oil (40:1)

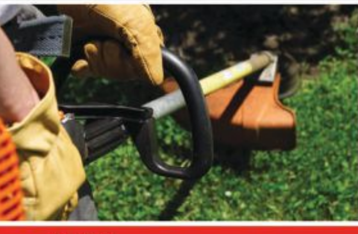
Four packaging options – for small to large volume applications

- Quart Containers
- 5-gallon Pails
- 30- and 54-gallon Drums

SEF94 – The Only Fuel Backed by VP Racing Fuels, The World Leader in Performance Fuel Technology™

For more information, call 877.515.1SEF or email SEF94@vpracingfuels.com TODAY!

NOTE: SEF94 is for use in small engines only. It is not a street legal fuel and may not be used in motor vehicles.



BY CASEY PAYTON

The Grounds Guys

Reginald Schram never pictured himself in the landscape industry. Though his work in the interior design/architecture world with RRS & Associates, his own interior design and facilities planning firm in Ontario, had some parallels with landscaping, it wasn't a field he knew much about. But then he encountered The Grounds Guys, a commercial maintenance franchise group that also offers snow removal and other winter services for northern U.S. businesses. So when Schram was ready to expand his business ventures two years ago, he approached them. Two franchises later, he realizes it was a very good business decision.

Schram's first Grounds Guys experience was actually with Sunshine Grounds Care (before they became part of The Grounds Guys franchise line-up). They were hired to do the landscaping for a client he was working with. Schram was impressed by their professionalism. "I believe in appearance and detail since, as a designer, I'm often meeting with company presidents," says Schram. "I run my business wearing a suit and tie. In the same way, The Grounds Guys projected a very professional appearance with their uniforms and trucks."

The Grounds Guys was an attractive opportunity for Schram because of the systems the company offered. He knew it would allow them to launch the franchise, even without a history in the landscaping industry. From the start they felt the company's systems ensured a franchisee is never on his or her own. That feeling was strengthened when his franchise recently had to manage one of the first big storms of a new snow season.

"The corporate office has a system in place called a 'Care Ticket,' where a property manager can call an 800 number and let them know their issues, such as needing more salt," explains Schram. "The receptionist takes the message and emails us the Care Ticket. We have three hours to respond to the property manager and 'close' the ticket. That allows our guys to not have to worry about answering the phones, which would stop them from salting and plowing. When they get a break, they can respond to the ticket. It's just one small way the company is looking out for us."

Another way Schram feels corporate has supported him is through their sales efforts in a tight economy. "The company has actually helped us get leads, which shows their investment," he says. "We'll get calls saying they have a contract available for us. The company has people on staff who go knocking on doors on our behalf. I'd say it's a large percent of our total sales."

Of the lessons Schram says has resonated most with him is to work *on* the business, not *in* it. It's something that corporate really pushes in their seminars and something he wishes he'd learned 30 years ago with his design firm. "They don't want you out there doing the cutting and plowing. They teach you how to run and manage the business so you can grow it — but also so you can walk away and your business would still be operating."

Using McDonald's as an example to teach this in their seminars, The Grounds Guys' leaders talk about synergy. "No matter what McDonald's you go to, it's the same product — the same brand," says Schram. "They want us to have that same philosophy. Any Grounds Guys franchise has the same professional employee, truck and service. They look alike, but they also operate alike, allowing the franchise owners to put the structures in place and then walk away from the day-to-day activity, focusing more on the overall picture."

Schram says the systems in place allow him more of an opportunity to succeed. Corporate seminars provide constant training and updates, while they also offer manuals and guides with anything the franchise owner would need to know to run the business — from accounting to receiving the appropriate paperwork and forms that may be needed.

Looking toward the future, Schram is hopeful about growing the business, and leaving a legacy for his son. "One of the things they stress in the seminars is the importance of having a personal life and a family," he says. "It's the type of business I am proud to be involved in."

The author is a freelance writer with six years of experience covering landscaping.

PROFILE

Business owner: Reg Schram

Headquarters: Brantford, Ontario

Franchise owner timeframe: 2 years

Tips for contractors interested in franchises:

Trust your gut. You need to understand and trust the people you're dealing with. If after that initial handshake you walk away with a good gut feeling and confidence, then you'll know it's right. But if you don't know the people you're dealing with or have some insecurity, you may need to walk away for good.

Look at the structure. It's important to know what systems the company already has in place that will make your job easier; Something that will allow you to just walk in and get started right away. Make sure that structure is one that's going to make you feel supported as a franchisee.

Find balance. Make sure it's a company that embraces family life. As a new franchise owner you can get sucked into working around the clock. Find a company that cares about your personal goals. That balance will make you more successful in your business, too.

PHOTOS COURTESY: GROUNDS GUYS

BRUCE WILSON | The author, of the Wilson-Oyler Group, is a 30-year industry veteran. Reach him at bwilson@questex.com.

How to hire sales professionals for maximum results

Among the many challenges companies have one of the more difficult ones is the ability to grow the contract base fast enough to offset contract losses — and add to the top-line sales at the same time. Many companies have considered hiring a salesperson for the first time or adding to the sales staff to increase sales. This often frustrates companies, though, because the salespeople have had a hard time producing results. Lack of success is generally attributable to not hiring the right people at the start.

WEB EXTRA
For more sales hiring secrets, visit www.landscapemanagement.net/results.

Often salespeople fail to improve close ratios; they are not generating enough activity to sell enough work even if they are successful in what they propose. In essence, they are not results-oriented. The end result is the owners come down on them — or worse — give up on them.

When going through written advertisements for salespeople and looking at resumes, the focus is usually on experience and education. Many resumes feature positions, responsibilities and, in a general way, accomplishments.

Some, however, feature results; when this happens, it should catch your eye — the failure or success of the salesperson is ultimately determined by results. If your company leaves the screening of resumes to your human resources team, remind them you are focused on *results*, or they might focus only on experience and education, job stability, etc.

Check the fit

These days, we see companies also focusing on "fit." Will the prospective salesperson fit? To do this, they look at how well the sales professional's personality meshes with the team. But tellingly, some of the best sales performers I have ever seen would not be considered a "fit" because they are focused on results. They are aggressive, results-oriented and make others uncomfortable because they speak their minds.

Another important part of finding the right salesperson would be to use a professional profile service specifically designed to help identify successful sales candidates. General profiles do not really give you what you want; they focus more on behaviors and are designed to help coach a person to understand how their behavioral tendencies affect their effectiveness. You want something that compares the candidate to other successful salespeople. Because salespeople are usually good communicators, they usually all interview well. A profile can help find potential chinks in their armor, which you can then probe.

There are many other important parts of an interview (see sidebar, left), but if you are looking for success measured by results, this part cannot be overemphasized. Take your time and make the right choice.

INTERVIEW FOR RESULTS

Interviewing for results requires probing by the interviewer to the point of discomfort:

- What specific results were achieved by the candidate and how were they achieved?
- How did the candidate measure progress against expected results?
- When were the desired results first achieved in the last position? (How long before he or she was selling at the desired level?)
- Who developed the strategy to get these results?
- Whom can you talk to as a reference to confirm the results?
- How does the candidate relate relationship building to results?
- How does the candidate define a successful cold call?
- What is the candidate's plan for getting results in this position?
- How does the candidate confirm whether he or she is on track to achieve results in this position?
- What obstacles does the candidate see to achieving results at a new company?